

STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL

S/003/0044
Lynn



SEAN D. REYES
ATTORNEY GENERAL

SPENCER E. AUSTIN
Chief Criminal Deputy

PARKER DOUGLAS
General Counsel & Chief of Staff

BRIDGET K. ROMANO
Solicitor General

BRIAN L. TARBET
Chief Civil Deputy

June 17, 2015

REGISTERED MAIL No. RB 050 179 165 US

Russell C. Feller
A & R Leasing, LLC
688 East Chad Ranch Road
Veyo, Utah 84782-4141

Re: Failure to Comply with Permitting Requirements at the Glacial Green Mine (S/003/044)

Dear Mr. Feller:

This letter serves as a written follow up to our phone conversation on June 8, 2015. I called you on behalf of the Division of Oil, Gas and Mining (the Division) regarding compliance with Division regulations at the Glacial Green mine. You informed me that your attorney would contact me for further correspondence. Your attorney has not yet contacted me; please forward.

In 2011, the Division suspended your permit to mine at Glacial Green because of unpaid permit fees. Since that time, the Division ordered you to bring the site into compliance or to reclaim it, at your discretion. The Division also issued a cessation order (MC-2013-17-04) and associated penalty. To this point, you have neither reclaimed the site nor brought it into compliance.

This letter serves to re-inform you of your legal obligations with respect to the Glacial Green site. The following outlines potential courses of action to bring the mine into compliance with Utah law. The outline proceeds in two sections, depending on whether you plan to continue to mine or cease mining operations. In either case, the Division requires action from you.

I. Continued Mining at the Glacial Green Mine

If you wish to continue mining at Glacial Green, you must comply with the Division's permitting requirements and Bureau of Land Management (BLM) regulations. Under Utah Administrative Code Rule 647-3-101 to -119, mine operators must pay annual permit fees and provide a

reclamation surety. BLM regulations require that mine operators also file a plan of operations, which is outside the scope of this letter.

Since 2008, the Division has not received the \$150 annual permit fees required by law. In addition, the letter of credit issued by Sun Bank is no longer a valid surety for the mine. Thus, to continue mining operations at Glacial Green, you must pay past due permit fees, resolve the outstanding penalty assessment of \$310.00, and post reclamation surety in the amount of roughly \$25,000. You will also need to work with the BLM to create a new plan of operations.

II. Cessation of Mining at the Glacial Green Mine

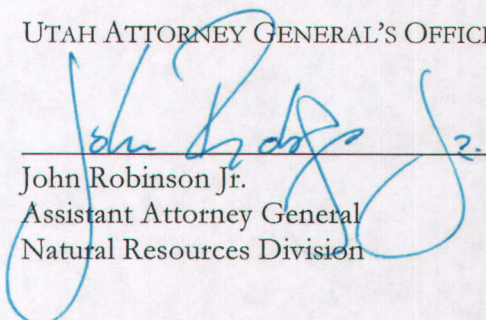
If you do not wish to continue mining at Glacial Green, it is your responsibility to reclaim the site to the Division's standards under Utah Code § 40-8-12.5. If you choose to reclaim, you should inform the Division and work with them to close out the permit. Closing the permit will require addressing the penalty assessment.

In conclusion, the Glacial Green mine has not been operational since 2008 and Division inspections revealed that mining operations created potentially dangerous high walls at the site. You must either bring your permit back into compliance with Utah law or reclaim the site. If you do neither, the Division will seek an administrative remedy in front of the Board of Oil, Gas and Mining. The Board has the authority order reclamation of the site, and to order the collection of costs in a civil action against you.

The Division hopes to avoid any of those outcomes and looks forward to working with you. Please have your attorney contact me at his/her earliest convenience. I look forward to a successful resolution of this matter without resorting to litigation.

Sincerely,

UTAH ATTORNEY GENERAL'S OFFICE



John Robinson Jr.
Assistant Attorney General
Natural Resources Division

cc: Larry Garahana, Bureau of Land Management, Salt Lake City Field Office, lgarahan@blm.gov